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DEPARTMENT OF AGRICULTURE
EDMONTON, ALBERTA

PROPOSED REORGANIZATION

of the

ALBERTA DEPARTMENT OF AGRICULTURE

Submitted for Cabinet Consideration

Dr. Hugh Horner. MINISTER

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THE ALBERTA DEPARTMENT OF AGRICULTURE IN THE 70's.

Philosophy and Function

The general prosperity of Alberta is significantly dependent upon agriculture. It is a basic industry which accounts for 40 to 50% of the gross national product generated within the Province.

The economic health of the rural non-farm population largely depends on a healthy agriculture industry. Similarly services available to farmers, off-farm employment opportunities and many of the things that relate to the quality of life to rural people, are dependent on the economic health of towns and villages.

We are committed to the concept of an economically viable family farm unit which can only be achieved through expansionistic and developmental agricultural policies. Our goal is to increase the annual gross farm income in Alberta to a billion dollars in the next few years.

To achieve this goal, the Alberta Department of Agriculture must be reorganized to increase the market opportunities for Alberta products in both foreign and domestic markets. We must look for new products and work with industry so we can process more of our own products here in the Province. Only through expansion of markets will there be room for those who wish to stay on the farm to receive a reasonable income. Assistance to small rural businesses to increase product processing will mean an expansion of farm services and rural employment opportunities.

Related to this, is a need for expanded long-term credit at reasonable interest rates for farmers. We have the climate and the resources but additional credit is required to assure that these resource opportunities can be owned by Albertans. Credit is also needed to ease farm transfer within the family, help younger farmers expand to an economic sized family farm unit and to improve the production potential of low income farmers. This farm credit system must be fully integrated with that of the Federal Government and Commercial lenders will be encouraged to expand their lending to agriculture.

The function of the ADA in this expanding agriculture will be to give leadership to the industry, make our influence felt at the Federal level and to strike a balance between government programs to help farmers and the desire of farmers to control their own industry without undue government interference.

The Alberta Department of Agriculture will employ an objective oriented management system which will state measurable objectives, demanding continuous evaluation and at the same time allowing civil servants to achieve maximum self-fulfillment in their work.

THE IMPORTANCE OF AGRICULTURE TO THE ALBERTA ECONOMY

Alberta has a population of 1.6 million people of which 40% or 640,000 live outside Alberta's ten cities. Virtually all of these people rely either directly or indirectly on agriculture for their livelihood. In addition to this, some 15,000 urban people are gainfully employed in the food processing industry alone, not to mention those connected with the agricultural service sectors such as fertilizer, chemical and implement firms, food retailers, etc.

The importance of agriculture to the Alberta economy is very difficult to measure in precise mathematical terms. There are at least two reasons why this is so -- firstly, there is no overall agreement as to the yardstick or standard which should be used to measure the industry's importance and secondly, our present data collection systems seldom separate the agricultural components of those firms which carry out both agricultural and non-agricultural activities. However, in order to give some indication of this industry's importance to Alberta, a brief review of the number of people associated with agriculture and an estimate of the economic activity generated both directly and indirectly will be discussed.

In 1970 some 64,000 farms employing 94,000 people produced \$530 million of field crops and \$504 million of livestock and livestock products. Cash returns to farms from the sale of agricultural products amounted to more than \$700 million. Alberta produces 19% of the Canadian agricultural output and yet has only 7.6%

of the country's population. Consequently, she relies very heavily on outside markets for her excess production.

During the 1965-69 period, exports of specific commodities compared to total production were beef (76%), pork (57%), wheat (74%), rapeseed (74%), barley (31%) and honey (85%).

The sale of agricultural products within and outside Alberta is of great benefit to the total Alberta economy. Studies indicate that the total economic activity generated by agriculture is three to four times the total value of its primary production. A recent study indicates that up to 65% of the gross economic activity of the Province is generated or affected significantly by agriculture.

AIMS & OBJECTIVES

- A. The objectives of the Department which were used as a benchmark in developing the suggested reorganization are:
1. To expand domestic and foreign markets for the disposal of Alberta's agricultural products.
 2. To improve farm income, revitalize rural communities, and increase the opportunities for family farm development.
 3. To expand the opportunities for optimum agricultural production.

THRUST AREAS

- B. Most of the normal activities are required to successfully pursue the objectives stated above. However, it is necessary to consider new concepts to meet "ever-changing" conditions in the agricultural industry. Accordingly, we suggest additional emphasis be placed on marketing, family farm development and rural development generally. These thrust areas are described as follows:

PART I: MARKETING

1. A dynamic increase in foreign market development
 - establishment of foreign offices for market development and sales.
 - to work with other Federal, Provincial and Private Agencies to expand foreign sales.
2. To broaden enabling legislation and encourage commodity groups to take a more aggressive marketing role.
3. To create an action oriented market intelligence group.
4. To expand research to develop new foods and new uses for existing products.

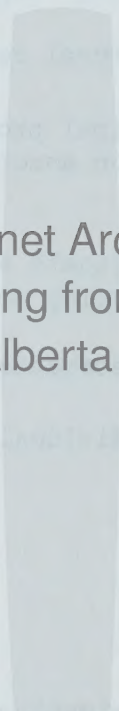
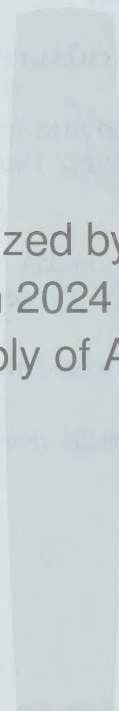
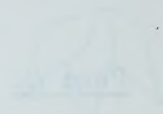
5. To develop agricultural products to meet the institutional market requirements.
6. To develop a comprehensive consumer, processor and producer market education program.

PART II: FARM AND RURAL RESOURCE DEVELOPMENT

1. Improve net farm income by reducing farm input costs.
2. To reduce risk and income fluctuations by influencing Federal policies and establishing comprehensive crop insurance programs.
3. To encourage rural secondary agriculture oriented industries.
4. To make municipal programs, co-operatives, credit unions and rural electrification associations support the development of rural secondary industries.
5. To provide adequate agricultural credit to enable young and low income farmers to develop suitable family farms.
6. To ensure an adequate supply of farm labour and management expertise.
7. To protect individual rights through surface rights legislation.

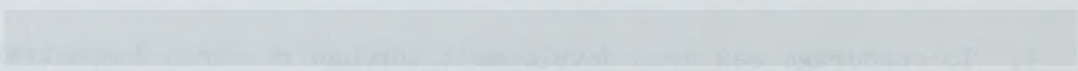
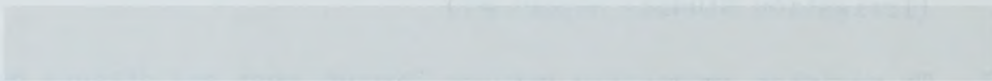
PART III: PRODUCTION

1. To support irrigation rehabilitation in relation to the benefits accrued (Irrigation Studies Report #7)
2. To maximize production returns through pest and disease control programs.
3. To encourage new crop development through research demonstrations and incentives.
4. A positive orientation of production to meet market demands.



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REORGANIZATION

To effectively deal with the new thrust areas we suggest some reorganization which would facilitate policy formulation and evaluation, permit greater liaison within and between governments, and develop more productive communication with the trade generally. The new organization would also give greater emphasis to marketing and family farm development.

The Department would be divided into three main areas of responsibility, each headed by an Assistant Deputy Minister to permit greater co-ordination of the production, education and market thrust areas.

A Policy Formulation and Liaison group will be formed to assist in identifying priorities, develop policy and monitor the activities in the Department. This group is essentially a "Think Tank" with communication links to the various sectors of the Industry.

This reorganization would also strengthen program management and evaluation by extending its considerations to a wide spectrum of activities, particularly in the thrust areas. Accordingly, three new divisions will be formed; The Irrigation Division, The Marketing Division and The Family Farm Development Division. In addition, a need for a division responsible for Rural Development is envisioned, although this may be attached to another Department. Two Divisions; Farm Economics and Program Development will be disbanded. A figure illustrating the proposed new structure is attached.

RESOURCES REQUIRED

To meet the objective of a billion dollars of gross sales of agricultural product, it will be necessary to allocate adequate resources to the Department. Most of the additional resources will be devoted to the new Marketing and Family Farm Development Divisions. It is contemplated that an increase in net provincial expenditure of six and one-half million dollars will be needed next year when the total appropriation of the Department would be almost twenty-seven millions. However, a considerable amount (perhaps 2 million dollars) will be recovered from the Federal Government. In addition, a supplementary budget will be required

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this year to launch the new program. This amount is estimated at two million.

Details of financing are to be found in the "Appendix".

CURRENT AND PROPOSED EXPENDITURES

DIVISIONS	1971-72	1972-73 ("A" BUDGET)	1972-73 PROPOSED	NET PROV. INCREASE	1976-77
1. GENERAL ADMINISTRATION	1,350,440	1,424,160	1,811,660	387,500	1,996,000
2. ANIMAL INDUSTRY	1,633,980	1,891,110	2,100,615	209,505	2,221,200
3. PLANT INDUSTRY	3,721,660	4,007,320	4,638,341	631,021	9,519,000
4. FARM ECONOMICS	839,970	1,048,450	-	-	-
5. EXTENSION & COLLEGES ¹	4,887,210	3,187,730	3,959,580 ²	771,850	5,132,730
6. PROGRAM DEVELOPMENT	5,886,140	3,135,760	-	-	-
7. VETERINARY SERVICES	1,128,690	1,230,320	1,550,542	320,222	1,774,234
8. WATER RESOURCES ³	6,064,920	-	-	-	-
9. RIGHT OF ENTRY ARB. BD. ⁴	166,300	190,600	-	-	-
10. CO-OP ACTIVITIES BR. ⁴	428,222	559,874			
11. IRRIGATION			2,950,000*	1,200,000	3,658,000
12. MARKETING			2,020,000**	1,800,000	2,918,000
13. FAMILY FARM			7,351,700**	2,977,590	9,200,000
14. RURAL DEVELOPMENT			570,000	250,000***	1,500,000
Sub-Totals	26,107,532	16,675,324	26,952,438	8,547,688	37,919,164
Less Federal Gov't. Grants			2,000,000****	2,000,000****	
Total	26,107,532	16,675,324	24,952,438	6,547,688	

* Excludes Capital Works Grants and Irrigation Rehabilitation Services.

** Does not include \$50,000,000 per annum loan fund for Farm Development or an equivalent amount for Market Development. Crop Insurance included in Plant Industry.

*** Some Staff from other agencies.

**** Less Federal grants and credits in cost-shared agreements - Family Farm 1,800,000
Rural Devel. 200,000
2,000,000

1 Colleges transferred to Dept. of Higher Education during year

2 Municipal Programs transferred to Family Farm Development

3 Transferred to Dept. of Environment

4. Transferred to Dept. of Agriculture during year

